

Research Markets Today

8 December 2025

Events Round-Up

GE: Factory orders (m/m%), Oct: 1.5 vs. 0.3 exp.
 CA: Unemployment rate (%), Nov: 6.5 vs. 7 exp.
 US: Personal income (m/m%), Sep: 0.4 vs. 0.3 exp.
 US: Real personal spending (m/m%), Sep: 0.0 vs. 0.1 exp.
 US: Core PCE deflator (m/m%), Sep: 0.2 vs. 0.2 exp.
 US: Core PCE deflator (y/y%), Sep: 2.8 vs. 2.8 exp.
 US: U. of Mich. consumer sentiment, Dec: 53.3 vs. 52 exp.
 US: U. of Mich. 5-10y inflation exp., Dec: 3.2 vs. 3.4 exp.

Good morning

Net moves across risk sensitive assets were modest into the weekly close. The S&P traded up towards the late October record high above 6900 before paring its gains to end the session only marginally in positive territory. There was limited market reaction to the delayed release of the September PCE report. Global sovereign bond yields closed higher in yield, and the US dollar was stable against G10 currencies, except for the Canadian dollar, which gained after strong labour market data.

University of Michigan consumer confidence improved for the first time in five months and came in ahead of consensus estimates. The survey included responses following the end of the federal government shutdown. The expectations index, which is a better guide to growth in consumers' spending, was also firmer. Despite an improvement in expectations, the level is consistent with subdued spending growth in Q4. Five- to ten-year inflation expectations fell to 3.2% from 3.4% in November.

After the delayed release of the Federal Reserve's preferred PCE inflation gauge for September, policy makers are likely to revise down their near-term inflation forecast at the FOMC this week, which will help to support the case for a rate cut. The core PCE deflator increased by 0.20% which matched the consensus estimate. The annual rate dropped to 2.8%, from 2.9% in August.

Market pricing for the upcoming FOMC was little changed in response to the data and a 25bp cut to the Fed Funds Rate is all but fully discounted. US treasury yields moved steadily higher through the session. Yields increased 4bp uniformly across the curve relative to the NZ close. 10-year notes ended the week at 4.14%.

Canadian government bonds sold off sharply, and the CAD gained after stronger-than-expected November employment data. Payrolls increased 54k, easily beating the consensus estimate, while the unemployment rate dropped to 6.5% from 6.9%. The largest moves were in the intermediate sector of the curve and 10-year yields increased by 15bp to 3.40%.

Outside of the CAD, G10 currency markets had small net moves against the US dollar. The yen pared earlier gains after a Bloomberg article said the Bank of Japan is likely to raise rates at its upcoming meeting citing people familiar with the matter. According to the article, the central bank is expected to continue to raise rates if the economic outlook is realised. There is a ~90% chance of a 25bp hike priced. USD/JPY dipped to 154.40 before recovering. NZD/USD was little changed, and the NZD was stable on the key crosses.

There was continued focus on the People's Bank of China's (PBOC) daily CNY fix on Friday, amid recent signs of discomfort from the central bank, after USD/CNY declined sharply since the beginning of the month. The PBOC has been setting the daily fix at levels weaker than market estimates, signalling its preference for stability. The PBOC's fix was in line with expectations on Friday but further pushback is expected if USD/CNY declines too quickly.

The large swings in NZ fixed income continued in the local session on Friday. The swap curve bear steepened. 2-year yields increased 2bp to 2.89%, and are back at the post-RBNZ yield highs, having dipped to 2.80% intra-week. 10-year yields closed 5bp higher at 4.00%. The market was flow driven in the absence of local data and underperformed against Australia.

The government curve matched the move in swaps and 10-year NZGB yields closed the week at 4.35%. Australian 10-year government bond futures are ~2bp higher in yield terms since the local close on Friday suggesting a modest upwards bias for NZ rates on the open.

It's a quiet start to the week for economic data. There are no domestic releases of note and only second-tier international data.

stuart.ritson@bnz.co.nz

Coming Up

		Period	Cons. Prev.	NZT
JN	Full-Time Pay (y/y%)	Oct	2.2	12:30
GE	Industrial Production SA (m/m%)	Oct	1.3	20:00
CH	Exports (y/y%)	Nov	4.2	-1.1
CH	Imports (y/y%)	Nov	2.8	1
US	NY Fed 1-Yr Inflation Expectations	Nov	3.24	05:00

Currencies							Equities					Commodities				
FX Majors		Indicative overnight ranges (*)			Other FX		Major Indices				Price (Near futures, except CRB)					
	Last	% Day	Low	High		Last	% Day		Last	% Day	% Year		Last	Net Day		
NZD	0.5776	+0.3	0.5763	0.5787	CHF	0.8048	+0.1	S&P 500	6,870	+0.2	12.8	Oil (Brent)	63.75	+0.8		
AUD	0.6640	+0.5	0.6620	0.6649	SEK	9.399	-0.3	Dow	47,955	+0.2	7.4	Oil (WTI)	60.08	+0.7		
EUR	1.1643	-0.0	1.1628	1.1672	NOK	10.107	-0.1	Nasdaq	23,578	+0.3	18.7	Gold	4212.9	+0.0		
GBP	1.3331	+0.0	1.3316	1.3362	HKD	7.785	+0.0	Stoxx 50	5,724	+0.1	15.0	HRC steel	908.0	+0.2		
JPY	155.36	+0.1	154.35	155.49	CNY	7.071	-0.0	FTSE	9,667	-0.5	16.3	CRB	306.0	+0.7		
CAD	1.3822	-1.0			SGD	1.296	-0.0	DAX	24,028	+0.6	17.9	Wheat Chic.	535.8	-0.8		
NZD/AUD	0.8699	-0.2			IDR	16,648	-0.0	CAC 40	8,115	-0.1	9.3	Sugar	14.80	-0.5		
NZD/EUR	0.4961	+0.3			THB	31.91	-0.3	Nikkei	50,492	-1.1	29.2	Cotton	62.13	-0.2		
NZD/GBP	0.4333	+0.2			KRW	1,473	-0.0	Shanghai	3,903	+0.7	14.7	Coffee	374.9	-1.5		
NZD/JPY	89.74	+0.4			TWD	31.24	-0.2	ASX 200	8,635	+0.2	2.5	WM powder	3210	+0.2		
NZD/CAD	0.7984	-0.7			PHP	58.93	-0.1	NZX 50	13,484	-0.2	5.3	Australian Futures				
NZ TWI	66.83	+0.1						VIX Index	15.41	-2.3	+20.7	3 year bond	95.96	0.04		
Interest Rates												10 year bond			95.28	-0.01
Rates		Swap Yields			Benchmark 10 Yr Bonds		NZ Government Bonds				NZ BKBM and Swap Yields					
	Cash	3Mth	2 Yr	10 Yr		Last	Net Day			Last	Chg		Last	Chg		
USD	4.00	4.85	3.36	3.73	USD	4.14	0.04	15-Apr-27		2.71	-0.01	BKBM 1-mth	2.41	0.00		
AUD	3.60	3.68	3.97	4.77	AUD	4.68	-0.02	15-May-28		3.16	0.03	BKBM 3-mth	2.47	0.01		
NZD	2.25	2.47	2.90	4.01	NZD	4.35	0.06	20-Apr-29		3.40	0.04	1 year	2.58	0.03		
EUR	2.00	2.06	2.23	2.84	GER	2.80	0.03	15-May-30		3.63	0.04	2 year	2.90	0.03		
GBP	4.00	4.11	3.54	4.00	GBP	4.48	0.04	15-May-31		3.85	0.05	3 year	3.14	0.04		
JPY	0.48	-0.03	1.04	1.77	JPY	1.95	0.01	15-May-32		4.02	0.04	5 year	3.48	0.04		
CAD	2.25	4.97	2.52	3.17	CAD	3.42	0.16	14-Apr-33		4.13	0.05	7 year	3.74	0.05		
Carbon Price							Policy Meeting Run			15-May-34	4.25	0.06	10 year	4.01	0.06	
										15-May-35	4.35	0.06	15 year	4.32	0.06	
										15-May-36	4.45	0.07	NZ Inflation-Indexed Bonds			
										15-May-37	4.55	0.07	Sept-30	1.55	0.02	
NZU							1st			2.24	3.61	3.67	Sept-35	2.37	0.02	
* These are indicative ranges from 5pm NZT;							2nd			2.23	3.64	3.60	Sept-40	2.79	0.03	
please confirm rates with your BNZ dealer							3rd			2.22	3.67	3.52				
Rates at NY close							4th			2.28	3.76	3.46				
Source: Bloomberg							5th			2.36	3.81	3.33				

NZD exchange rates

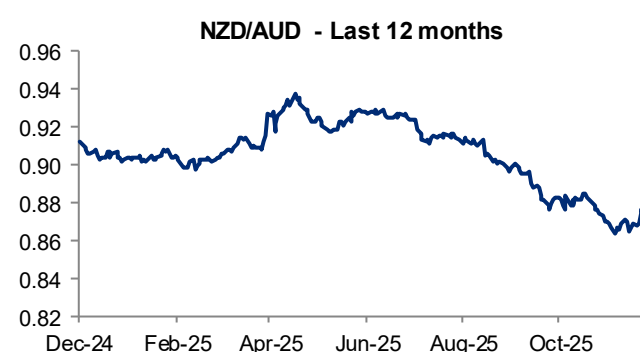
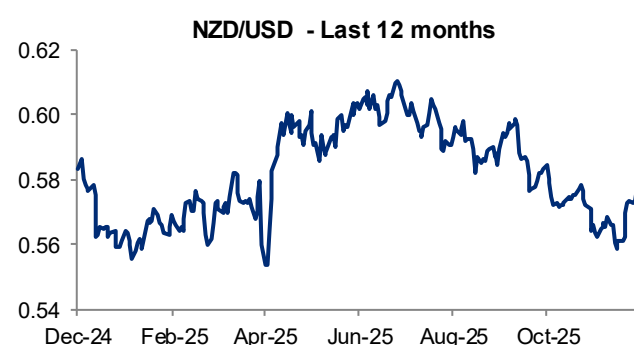
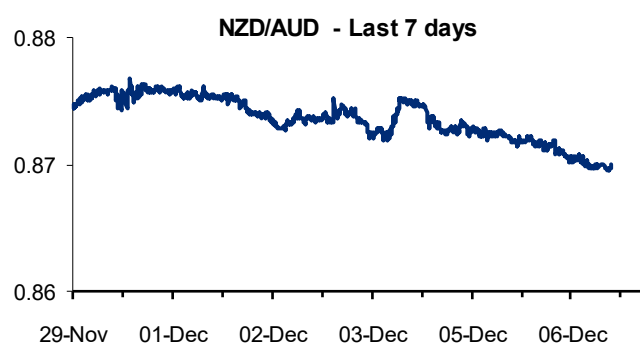
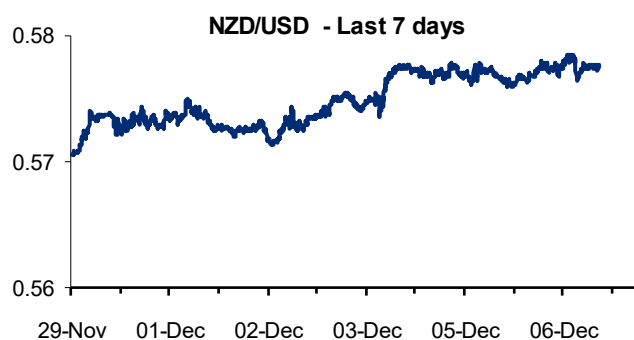
6/12/2025	NY close	Prev. NY close
USD	0.5776	0.5761
GBP	0.4333	0.4323
AUD	0.8699	0.8716
EUR	0.4961	0.4948
JPY	89.74	89.35
CAD	0.7984	0.8041
CHF	0.4649	0.4630
DKK	3.7055	3.6950
FJD	1.3196	1.3126
HKD	4.4964	4.4836
INR	51.98	51.84
NOK	5.8380	5.8263
PKR	161.99	161.57
PHP	34.04	34.01
PGK	2.4621	2.4421
SEK	5.4287	5.4289
SGD	0.7486	0.7467
CNY	4.0843	4.0741
THB	18.51	18.39
TOP	1.3792	1.3756
VUV	70.54	70.35
WST	1.6104	1.6021
XPF	59.34	59.18
ZAR	9.7810	9.7915

NZD/USD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	7.19	7.54
3 Months	20.30	20.80
6 Months	38.89	40.09
9 Months	53.57	55.69
1 Year	64.03	66.87

NZD/AUD Forward Points

	BNZ buys NZD	BNZ sells NZD
1 Month	9.46	10.13
3 Months	28.50	29.59
6 Months	59.67	62.47
9 Months	92.68	97.20
1 Year	123.99	131.73



Contact Details

BNZ Research

Stephen Toplis

Head of Research
+64 4 474 6905

Doug Steel

Senior Economist
+64 4 474 6923

Jason Wong

Senior Markets Strategist
+64 4 924 7652

Stuart Ritson

Senior Interest Rate Strategist
+64 9 9248601

Mike Jones

BNZ Chief Economist
+64 9-956 0795

Main Offices

Wellington

Level 4, Spark Central
42-52 Willis Street
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland

80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch

111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

Analyst Disclaimer: The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.

